

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

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Program ID/Title: AGS-102/Expenditure Examination

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I. Goal

The goal of the program is to ensure that the State's payments conform to established standards of propriety and legality and are made promptly.

II. Objectives and Policies

- A. #1 - To ensure prompt payment to contractors and vendors, the program is reviewing the use of the automated clearing house (ACH) method to further expedite payments to contractors, vendors, employees, and third party payees.
- B. #2 - To ensure prompt payment of the State's payroll, the program is reviewing the possibility of developing a process whereby department personnel could enter payroll data from their worksite instead of the data being submitted for keypunching at a central location.

III. Action Plan with Timetable

- A. Objective/Policy #1 - To ensure prompt payment to contractors and vendors, the program is reviewing the use of the automated clearing house (ACH) method to further expedite payments to contractors, vendors, and employees.
 - 1. Required Action - Use of the automated clearing house (ACH) method would require the following:
 - a. The program will need to work with the Financial Administration Division of the Department of Budget and Finance on the possible conversion to ACH while resolving any problems that may arise with the established check cashing functions since it is responsible for the treasury operations of the State.

- b. The conversion to ACH will require extensive review of current operational procedures to ensure continued maintenance of controls are in place.
 - 2. Past Year Accomplishments - The program is working with the Employers Union Trust Fund to convert the quarterly Medicare refunds to State retirees to the ACH method of payment.
 - 3. One Year - The program will implement the ACH method of payment for the first quarter of FY 2005-2006 for the quarterly Medicare Refunds.
 - 4. Second Year - The program working with Information and Communication Services Division (ICSD) will complete all necessary requirements in the various payroll programs and reports to include the expansion of the account field that would allow the ACH process to begin for the State's payroll payments.
- B. Objective/Policy #2 – To improve the processing of the State's payroll, the program is studying the possibility of developing entry of payroll change schedule information and other payroll forms by departments; Central Payroll review and release, and directly interfaced into the payroll system.
 - 1. Required Action – Review of the existing payroll system requirements that will need to be changed, modified, or supplemented:
 - a. The program will work with the Systems Accounting Branch of the Accounting Division and the ICSD's payroll project team to determine what modifications and procedural changes will be needed for data input from the departmental level directly to the payroll system.
 - b. The program will need to address whether current computer hardware and systems infrastructure will be sufficient to meet the proposed changes.
 - 2. Past Year Accomplishment – None.
 - 3. One Year - The program will meet with ICSD's payroll project team to determine what system requirements must be made to the payroll system to achieve the objective. The program will also meet with the Systems Accounting Branch to determine what procedure changes and forms changes will be needed to carry out departmental input of payroll data.

4. Second Year – Begin training of departmental staff and Central Payroll staff to facilitate conversion of data entering at departmental level and new procedures to review transactions in the Central Payroll.

IV. Performance Measures

A. Customer Satisfaction measure

1. The change to ACH method of payment will reduce the time in which contractors, vendors, employees, and third party payees (i.e. welfare recipients, unemployment benefits claimants, tax refunds) need to wait prior to receiving their checks.
2. A survey of departments and agencies will be undertaken to confirm whether the elimination of paper payroll change schedules have lessened the workload on the State's payroll staff and whether the change has reduced errors and overpayments.

B. Program Standard measure

1. The program will still be able to pay contractors and vendors within the established 30 days standard. A majority of private sector companies use the 30 days guideline to determine whether interest will be charged for late payments.
2. The elimination of paper submittals will allow the program to use its reduced staffing more efficiently by allowing pre-audit reviews and releases on-line with no paper documents being sent to and from keypunching.

C. Cost Effectiveness measure – The program anticipates reduced expenditures for check stock, payroll change schedules, and postage.